

**Senate File 2228 - Introduced**

SENATE FILE 2228  
BY KIBBIE and BEALL

(COMPANION TO LSB 5888HH BY  
KUHN)

**A BILL FOR**

1 An Act relating to alternate and renewable energy production  
2 by establishing an alternate and renewable energy incentive  
3 program applicable to alternate energy production facilities  
4 under specified circumstances.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 476.43A **Alternate and renewable**  
2 **energy incentive program.**

3 The board shall establish and administer an alternate and  
4 renewable energy incentive program to encourage the development  
5 of alternate energy production projects across this state, as  
6 follows:

7 1. An alternate energy production facility with a nameplate  
8 generating capacity of less than or equal to twenty megawatts  
9 which has applied for or obtained the necessary financing to  
10 cover facility construction and operation costs, and which  
11 seeks to enter into an interconnection agreement with an  
12 electric utility, may submit an application for interconnection  
13 pursuant to the program to the board. The board shall develop  
14 an application form and establish approval criteria by rule.

15 2. *a.* Eligibility for the program shall be contingent  
16 upon meeting the requirements of section 476C.1, subsection 6,  
17 paragraph "b", with regard to fifty-one percent ownership in the  
18 facility being comprised of one or more of the individuals or  
19 entities identified pursuant to that paragraph.

20 *b.* Notwithstanding the maximum ownership or purchase  
21 requirements of section 476.44, an electric utility shall  
22 interconnect with a facility which is approved by the board  
23 for participation in the program, but shall not be required to  
24 purchase an amount of energy from program participants which  
25 exceeds two percent of its total demand load.

26 *c.* An electric public utility having fewer than ten  
27 thousand customers and electric cooperative corporations  
28 and associations referred to in section 476.1A shall not be  
29 required to interconnect with a facility pursuant to the  
30 program.

31 3. The board shall develop standardized energy independence  
32 payment offers to facilitate interconnection between an  
33 electric utility and a program participant incorporating  
34 the applicable energy independence payments established by  
35 the board pursuant to subsection 4. Standardized energy

1 independence payment offers shall continue in effect for  
2 a twenty-year period, subject to termination provisions  
3 for failure to perform to be established by the board by  
4 rule, and shall ensure that the energy produced can be  
5 safely interconnected with the utility without causing any  
6 adverse or unsafe consequences. The board shall require  
7 all electric utilities to file with the board standardized  
8 energy independence payment offers consistent with the offers  
9 developed by the board. Electric utilities shall make these  
10 offers available to any eligible program participant.

11 4. Energy independence payments applicable to the  
12 program shall be established by the board sufficient to  
13 guarantee repayment to a lender providing financing to a  
14 program participant over a ten-year period. The energy  
15 independence payments shall be calculated on a kilowatt-hour  
16 basis. The energy independence payments shall be calculated  
17 at a relatively higher level for projects initiated by  
18 smaller-sized, community-based program participants in  
19 comparison to larger-sized or commercial applicants, and at  
20 the payment needed for development plus a reasonable profit.  
21 Applicable energy independence payments shall vary by project  
22 size and form of technology, according to the following  
23 schedule:

24 a. For wind turbine facilities, separate energy independence  
25 payments shall be calculated for facilities of between zero and  
26 one hundred ten kilowatts, one hundred eleven and five hundred  
27 kilowatts, five hundred one kilowatts and two and one-half  
28 megawatts, and two and fifty-one hundredths megawatts and  
29 twenty megawatts of nameplate generating capacity. For each  
30 of these capacities, the board shall determine and apply three  
31 differentiated wind power classes.

32 b. For waste management facilities, separate energy  
33 independence payments shall be calculated for facilities of  
34 between zero and ten kilowatts, and between five hundred  
35 one kilowatts and twenty megawatts of nameplate generating

1 capacity.

2 *c.* Solar facilities shall be differentiated into  
3 single-plate photovoltaic facilities and thin film photovoltaic  
4 facilities.

5 (1) For single-plate photovoltaic facilities, separate  
6 energy independence payments shall be calculated for facilities  
7 of between zero and ten kilowatts, eleven and five hundred  
8 kilowatts, and five hundred one kilowatts and twenty megawatts  
9 of nameplate generating capacity.

10 (2) For thin-film photovoltaic facilities, separate energy  
11 independence payments shall be calculated for facilities  
12 of between zero and ten kilowatts, eleven and five hundred  
13 kilowatts, and five hundred one kilowatts and twenty megawatts  
14 of nameplate generating capacity.

15 (3) For each of the capacities specified in subparagraphs  
16 (1) and (2), the board shall determine and apply three  
17 differentiated solar resource classes.

18 *d.* For agricultural crop and residue facilities, separate  
19 energy independence payments shall be calculated for facilities  
20 of between zero and ten kilowatts, eleven and five hundred  
21 kilowatts, five hundred one kilowatts and one megawatt, and  
22 one and one-tenth megawatts and twenty megawatts of nameplate  
23 generating capacity.

24 *e.* For small hydro facilities, separate energy independence  
25 payments shall be calculated for facilities of between zero and  
26 fifty kilowatts, fifty-one and five hundred kilowatts, five  
27 hundred one kilowatts and ten megawatts, and ten and one-tenth  
28 megawatts and twenty megawatts of nameplate generating  
29 capacity.

30 5. The energy independence payments established pursuant  
31 to subsection 4 shall be subject to biannual review and  
32 periodic adjustment by the board with respect to new program  
33 participants based upon inflationary growth, technological  
34 advances, and new product availability. The energy  
35 independence payment shall be automatically adjusted after

1 the ten-year repayment guarantee period has elapsed. The  
2 readjusted energy independence payment shall be sufficient  
3 to provide for the operation and maintenance costs of the  
4 alternate energy production facility plus a reasonable profit.

5 6. In the event that state or federal tax credits or other  
6 incentives are received by a program participant, the board  
7 shall adjust and offset the energy independence payments  
8 applicable to that participant to reflect the incentive amount.

9 7. The energy independence payments established pursuant  
10 to this section shall be in lieu of rates otherwise determined  
11 by the board pursuant to section 476.43. An unsuccessful  
12 applicant, or an alternate energy production facility with  
13 greater than twenty megawatts of nameplate generating capacity,  
14 shall be governed by the rates established in section 476.43.

15 8. The board shall submit a report to the general assembly  
16 by January 1 annually regarding participation levels and  
17 program results.

18 EXPLANATION

19 This bill establishes an alternate and renewable energy  
20 incentive program applicable to alternate energy production  
21 facilities approved for participation in the program.

22 The bill provides that an electric utility, other than an  
23 electric public utility having fewer than 10,000 customers and  
24 electric cooperative corporations and associations referred  
25 to in Code section 476.1A, shall be required to interconnect  
26 with an alternate energy production facility approved for  
27 participation in the program. An eligible applicant shall be a  
28 facility with less than or equal to 20 megawatts of nameplate  
29 generating capacity, which has obtained bank financing to  
30 finance facility construction and operation costs, and which  
31 meets percentage ownership requirements specified in Code  
32 section 476C.1, subsection 6, paragraph "b". Notwithstanding  
33 the maximum ownership or purchase requirements of Code  
34 section 476.44, an electric utility shall be required to  
35 interconnect with a facility which is approved by the board

1 for participation in the program, but shall not be required to  
2 purchase an amount of energy from program participants which  
3 exceeds 2 percent of its total demand load.

4 To facilitate interconnection, the bill directs the  
5 board to develop standardized energy independence payment  
6 offers which shall incorporate energy independence payments  
7 applicable to the program. The bill provides that such  
8 offers would continue in effect for 20 years, and ensure  
9 safe interconnection with the utility. The bill directs the  
10 board to require all electric utilities to file standardized  
11 energy independence payment offers consistent with the  
12 offers developed by the board, and make them available to  
13 any eligible program participant. The bill provides that  
14 the payments shall be sufficient to guarantee repayment to a  
15 lender providing financing to a program participant over a  
16 10-year period, shall be calculated on a kilowatt-hour basis  
17 and at a relatively higher payment for projects initiated by  
18 smaller-sized, community-based program participants, and at a  
19 level providing for development plus a reasonable profit. The  
20 bill specifies a schedule requiring the application of varying  
21 payments depending upon the number of megawatts or kilowatts  
22 of nameplate generating capacity to be produced by the program  
23 participant and the type of technology employed to generate it.

24 The bill provides for biannual review of the energy  
25 independence payments and periodic adjustment if determined  
26 appropriate for new applicants. The payment shall be  
27 automatically adjusted after the 10-year repayment guarantee  
28 period has elapsed, and shall continue for an additional  
29 10-year period at a payment level sufficient to provide for  
30 the operation and maintenance costs of the alternate energy  
31 production facility plus a reasonable profit.

32 The bill provides that the board may adjust and offset the  
33 energy independence payments if state or federal tax credits  
34 or other incentives are received by a program participant, and  
35 clarifies that the payments applicable pursuant to the program

1 shall be in lieu of rates otherwise determined by the board  
2 pursuant to Code section 476.43. The bill also clarifies that  
3 an unsuccessful applicant or an alternate energy production  
4 facility with greater than 20 megawatts of nameplate generating  
5 capacity shall continue to be governed by the rates established  
6 in Code section 476.43.

7 The bill requires the board to submit an annual report to  
8 the general assembly regarding participation levels and program  
9 results.